

Washington Horse Racing Commission
Meeting Minutes
September 14, 2018
9:30 A.M.

Present were: Everett Macomber, DVM, Chairman; Jeff Colliton, Commissioner; Robert Lopez, Commissioner; Representative Joe Schmick, Legislative Ex-officio Member; John Meader, Assistant Attorney General; Suzanne Becker, Assistant Attorney General; Doug Moore, Executive Secretary; Patty Brown, Confidential Secretary.

Mr. John Meader, WHRC AAG introduced Ms. Suzanne Becker, AAG, who has been chosen to replace Mr. Meader as the Washington Horse Racing Commission representative from the Attorney General's Office.

Item #1. Approval of the meeting minutes of August 10, 2018.

Jeff moved to approve. Bob seconded. Unanimously approved.

Item #2. Commissioner's Report.

Commissioner Lopez said that on August 14th he and Mr. Moore met with Tri City Horse Racing Association members; Representative Brad Klippert and Representative Terry Nealey to discuss WHRC revenues, the class c purse account and grants. They were informed that it was a strong possibility that purse and grant money for the jockey race day insurance would not be available; that new sources of revenue needed to be obtained by Tri City Horse Racing Association in order to continue to operate. Commissioner Lopez said many great ideas were discussed. He felt the meeting was imperative to let them know of their need to know what to do and have a good chance to find money. Commissioner Lopez said Mr. Moore had laid out where the Commission money had been spent. Commissioner Lopez said he was glad to have the meeting and is very interested to see what's going to be done in the interim.

Chairman Macomber said he'd been on a cruise and had a great time. Upon his return he had met with Mr. Moore reviewing the new budget; he'd listened to a webinar on sports betting; and last Sunday had attended the Washington Cup finals. He's been looking at challenges going forward and certainly can see some ahead.

Commissioner Colliton asked if Benton Co Commissioners were at that meeting. Mr. Moore said no, but Tri City Horse Racing Association is meeting with them to work on a new contract. Mr. Moore said this is not a signed agreement yet but they are moving forward. Mr. Moore said Tri City's biggest challenge is the Fair Board.

Chairman Macomber asked Mr. Moore who sponsored the rail improvements. Mr. Moore said the Fair Board had received some independent grants and some county grants. The rail improvement was done especially to protect the grandstand from bulls that may be able to jump over the current fence.

Item #3. Industry reports:

- a. Emerald Downs. Phil Ziegler, President reported Emerald Downs has two weeks to go. He said the Washington Cup series had gone smoothly; the split between three weekends was well received. Overall the Longacres Mile race was a little weak. He said the field size contributed to the decline in wagering and it was a little disappointing, having an overall affect on the month of August.
- b. WHBPA report. MaryAnn O'Connell, Executive Director reported the HBPA was having a going away BBQ put on by the Chaplaincy and the HBPA. Everyone was invited. Ms. O'Connell updated on the progress of local rider Nikela Black who was in bad accident in Idaho. The HBPA had started a fund to help with medical expenses. She said the HBPA is scheduled for an election on September 24th. They had just enough candidates to fill the positions so they will not be the need for a formal election. The new members of the board will begin on October 1. Pat LePley, President HBPA is going to Lexington next week for an HBPA National President's meeting.
- c. WTBOA. Dana Halvorson, President, reported they'd held their annual meeting last month and Dr. Claude Ragle from WSU WADDL program was the guest speaker and was excellent. The WTBOA sale on August 22nd was pretty much status quo; the sale was up 2.5%; the weather was terrible due to smoke from fires. Ms. Anne Sweet, Editor, said the Hall of Fame was held on Washington Cup day and said Emerald Downs did a good job of videoing this; very well done.
- d. Sun Downs. Mr. Moore said he had nothing new to report since meeting with them on August 14th.

Item #4. Upcoming rule making report.

Mr. Moore presented a list of the rules he anticipated to be dealing with during the off season.

WAC 260-08-Practice and Procedure. This amendment would move policy statement 2010-02 into rule, making a new section specifying that commissioners may attend meetings electronically and eligible to vote on any topics while doing so. This section also addresses public participation electronically as well.

WAC 260-12-010 Definitions, WAC 260-24-520 Racing Secretary, & WAC 260-40-120 Identification prerequisite to start. This amendment proposed is in preparation for the move by the Jockey Club and the TRPB's move to microchipping in place of the physical tattoo.

Chairman Macomber asked about how much money it would be regarding microchipping. Mr. Moore detailed the expense involved with the change, the main expense is buying the equipment, about \$5000 to go from tattoos to microchipping. Commissioner Lopez asked if it was required for the WHRC to go out for a state contract bid. Mr. Moore said it would be under \$50,000 and the WHRC has the authority to approve a direct sale.

WAC 260-44-050 Weighing out – equipment included in Jockey's weight & WAC 260-52-010 Paddock to post. Mr. Moore said the amendment would allow the option to change from head numbers that are sometimes not a fit for the bridle as an alternative to use either the head number, to numbered helmets or an arm band to aid in photo finish identification in the event the saddle towel is hidden. Another section directs how horses may be placed in a field for wagering; this is an outdated section and the tote companies are now able to accommodate larger wagering interests and coupled entries and the term fields are no longer used. One other change is to the term whip changing it to crop.

WAC 260-44-150 Horseshoes. Another policy on horseshoes regarding a horse running without a shoe, current rule requires they be fully shod would be moved into rule; policy states that with proper approval this would allow the board of stewards in consultation with the official veterinarian at the request of a trainer to allow a horse to race without a shoe or shoes if an issue is discovered and a repair is not feasible.

WAC 260-70-610 Storage and shipment of split samples & WAC 260-0-675 Bicarbonate testing. Mr. Moore said with regard to the storage of split samples; since there has never been a violation for TC02 testing; the requirement would be removed and would be done only at the trainer's request. This would give the Commission the ability to not be required one specific process, but give the option to take or not take the sample for testing.

WAC 260-70-630 Thresholds. Mr. Moore said in anticipation of the possibility of the WHRC entering into a compact; this amendment would remove environmental contaminants into its own section; due to environmental contaminants not being addressed within the medication compact. Also during the adoption of the ARCI model rule thresholds last spring, staff neglected to add the serum thresholds for anabolic steroids that had been adopted by the industry. Those changes would be made as well.

Mr. Moore said he would send all the proposed amendments out to stakeholder as soon as the meeting is concluded. Commissioner Lopez asked about electronic meetings and that he would like to set up a conference call-in type of meeting in order to give the public the ability to attend by conference call in at every meeting.

Item #5. Legislative update – Interstate Anti-doping and Drug Testing Standards Compact. Mr. Moore reported any agency legislation had to be filed with the Governor's office by September 12. Mr. Moore said he has the paperwork completed and it has been submitted to the Governor's office for approval. Mr. Moore said even though there may still be issues; the WHRC can drop the legislation if it is agreed it would not be appropriate after the ARCI meeting in December where this will be discussed and the compact by-laws will be begin to be drafted it can be withdrawn. In order to keep moving forward, having legislation proposed will allow the WHRC to have a seat at the table in the by-law discussion. Mr. Moore did find out what the compact will deal with in Section 5; standardizing drugs for permitted medications; rule making issue and how it works. The main consideration is that each state would most likely have a designee for the compact and would file the proper paperwork for that state individually. Commissioner Lopez asked if there was any feedback from stakeholders. Mr. Moore said no comments were received by the September 1 deadline. Ms. O'Connell said she thought a sit down meeting was needed. Mr. Moore said this is not the end of the stakeholder participation; this deadline was just to receive comment on filing the legislation with the Governor's office. Commissioner Colliton said that either he or Mr. Moore would be talking to Ed Martin or Mike Hopkins at the ARCI meetings in December. Mr. Moore said this item is on the agenda in Tucson to get that started. Commissioner Lopez said the need to do this is now with the stakeholders. Representative Schmick said without bylaws, you must have a seat at the table to participate. There is an advantage to be on frontend rather than the tail end. Commissioner Lopez and Mr. Moore would work together to meet with stakeholders. Ms. O'Connell said this is a huge opportunity to have a scientific review board to handle all medications within the compact; huge move forward. Commissioner Lopez asked what she meant by medication review board. Commissioner Lopez said he doesn't know how that would work. Ms. O'Connell said the review on medications would happen before it got to the Stewards; it would take the Stewards out of having to try to understand the science. Chairman Macomber said one concern for him is that we are creating another bureaucracy; possibly waiting weeks on a violation. Commissioner Colliton said uniformity is the key concern; the alternative is a federal agency dictating terms.

Commissioner Lopez asked if could meet stakeholders within the next two weeks. Mr. Moore said that is workable. Ms. O'Connell said next Tuesday or Wednesday there is an HBPA board meeting scheduled after the race meet. Commissioner Lopez and Mr. Moore would attend HBPA board meeting; reach out to the Breeders and Emerald Downs; and the jockeys before they take off for the season, if needed.

Chairman Macomber asked if he dropped in to listen would that be appropriate, Mr. Moore said no, it would be considered a quorum and a notice would have to be prepared. Chairman Macomber said that he and would not attend. Commissioner Lopez and Mr. Moore would be in attendance.

Item #6. Budget discussion - Prioritize for possible cost savings. Put out a special meeting notice to allow

Mr. Moore reviewed the cost savings measures in order of priority. He said with revenue not meeting projections, salary increases, wagering down and other unexpected expenses it would be prudent to look into cost savings at this time. Commissioner Colliton asked specifically about the necropsy

program. Chairman Macomber said it was a source of good information on breakdowns on the racetrack. He said it could indicate possible prior injury and that information is useful as well. Chairman Macomber said if any changes were made we could eliminate sending the sick horses and take just breakdowns. Jack Hodge said there have been seven horses taken just during racing. Mr. Moore said that sometimes when we send the sick horses we may get better information on what caused the sick horse to die. Commissioner Lopez asked Mr. Moore if he had any idea how much money we need, how much in revenue and expenditures. He recognized cancelling the PageFreezer contract was good, target testing samples was good; along with test barn assistants reduction. Commissioner Colliton asked if Mr. Moore needed approval to implement the cost savings. Mr. Moore said he was asking if the priority of the savings was approved. Chairman Macomber said the priority was fine.

Ms. O'Connell said with targeted testing, there's a need to be really careful; the veterinarians are using medication results to adjust their meds; need the feedback from the sample testing. Mr. Hodge said the necropsy program falls short in where it stops; he asked if the results are gone over with the trainer. Mr. Moore said he thought Dr. Friedman was doing that. Mr. Hodge said understanding them is a little difficult. Maybe meet and go through them to get the details of the reports. Mr. Moore said he would follow-up with Dr. Friedman to see if he is reaching out to the trainers on the results. Mr. Hodge said mainly the breakdowns are from pre-existing conditions.

Item #7. Grant Request – Emerald Downs/HBPA – morning vet funding.

Mr. Moore presented the Emerald Downs morning vet program grant request. The request is for \$27,040 to fund the morning vet program. Mr. Moore said in 2017 it was fully funded. Staff recommendation is to fund one-third of the request or \$9,013.00; due to budget constraints. Commissioner Colliton said if this grant is approved it would be reducing the ability of the WHRC to grant money to Class Cs. Mr. Moore said that would grant the Class Cs jockey insurance money and possibly not be able to grant the extra purse money. Commissioner Lopez said given the state of the WHRC budget, he moved that the WHRC fund partially, and fund an even \$9,000. Commissioner Colliton seconded the motion. Commissioner Colliton asked who would make up the difference; Mr. Moore said the HBPA and Emerald Downs. Mr. Hodge said up until the WHRC started the grant request program, Emerald Downs shouldered the entire responsibility for many years. They've spent untold thousands of dollars on this program when the vets demanded they be compensated in the mornings. It is a vital program, and would not want it to see it go away; a big concern is they won't want to do it at all. Mr. Hodge said he appreciates anything the Commission could do. Ms. O'Connell said the HBPA is at a point where their income is only \$52,000 for the year; she said a large portion is now going to the morning vet and they've scrapped some education programs and the dental program. If money continues to decrease the HBPA won't have money to run L&I claims program. Commissioner Lopez said under the statute, in reinvesting to industry, if next year the WHRC can't fund Class C requests by law we cannot fund any other grant requests.

Unanimously approved. \$9000 to fund grant for the morning vet.

Item #8. Executive Secretary's report.

a. Wagering Recap (August 2018);

Mr. Moore reviewed the wagering for the date range 7/1/2018 to 8/31/2018 down 7.52 percent; for Emerald Downs and satellite sites for August down 1%; and Advance Deposit Wagering revenue up 11%. Commissioner Lopez asked how breakage was up 12.38 and the handle still be down. Mr. Moore explained wagering and how breakage is calculated. Commissioner Lopez asked if could combine the handle and the ADW wagering in the monthly reports. Mr. Moore said it is almost impossible they way they report these as the ADW reports are not complete in time to submit to the commission when the meetings are scheduled. Chairman Macomber asked about the percentages and the timeframes reported and Mr. Moore said this is only for one month of August.

b. Monthly financial report.

Mr. Moore reviewed the revenues and expenditures. Although under spent from projections there was a reduction of \$32,496 in the fund balance but less was lost in the fund balance in comparison with last year which was \$52,807 for the same time period. The ending fund balance is \$701,198. One main extra expense was due to capital outlays, on Page 3 of the narrative, the WHRC had to replace the necropsy truck freezer and Test Barn centrifuge. Mr. Moore said licensing is down which also contributed. Commissioner Colliton asked about employee salary increases and when was next one is expected. Mr. Moore said January 1 a 2% increase.

Item #9. Approval of travel – December ARCI model rules and Board of Directors. Approval needed for Commission or Executive Secretary attendance and travel.

Mr. Moore said the meetings for the ARCI Board of Directors and the Rules Committee meetings will be held in Tucson beginning December 1 and the Race Track Industry Program Symposium concluding on December 5, 2018.

Mr. Moore said he had not anticipated anyone attending the Race Track Industry Symposium this year but due to meetings added regarding possible new legislation on Sports Betting, he requested approval for one person to attend the RTIP Symposium in order to attend those meetings.

Commissioner Colliton moved to approve commissioners and Mr. Moore to travel to Tucson to attend the ARCI Board of Directors and Rules Committee meetings and the Race Track Industry Symposium by the Executive Secretary. Commissioner Lopez seconded the motion. Commissioner Lopez said due to budget constraints, he would prefer to attend the ARCI Board of Directors meeting by phone. Chairman Macomber said did not think it was necessary to attend. Unanimously approved.

Item #9. Discussion Items – Commissioners.

Commissioner Colliton had nothing further.

Commissioner Lopez asked if the Breeders would want a meeting to discuss the Multi-Jurisdictional Medication Compact. Mr. Halvorson said their board meeting is October 19th and some members are currently on HBPA board. He thought that maybe that would suffice to receive a report from those members in attendance at the HBPA meeting. Mr. Moore said he would reach out to Terry Meyocks, General Manager, Jockeys Guild.

Chairman Macomber asked about the year-end reports and sports betting. Mr. Moore said he'll have final owner/breeder awards accounting for the next meeting.

Commissioner Lopez asked about whether the WHRC could submit sports betting legislation and Mr. Moore said the Governor will not accept any legislation of this type from a state agency.

Chairman Macomber asked Mr. Hodge if he had heard anymore about that. Mr. Hodge said no, Mr. Ziegler is working on that, really couldn't speak to that. Something is coming forward for sure but timing wise not sure when or what was the plan, but it is needed regardless. He commented on the Gambling Commission's projections about revenue and said their projections were not that high, but there will be something coming back to the industry.

Ms. Sweet said it's interesting the Daily Racing Form is now putting out the daily sports form. TVG is starting a morning fantasy football show also.

Mr. Moore said another topic of controlled layups for horses had been released by the Association of Racing Commissioners International (ARCI); this will be discussed in December on how much the regulators should be involved. Ms. O'Connell said she had been contacted about this and should it be regulated.

Mr. Hodge asked about the end of the meet report of industry and a wrap-up of the season, the day to day players, it's important to go over how the season went and any concerns, he has a couple of things, maybe for the security department.

Item #11. Any other business that may be properly brought before the Commission.

Hearing none, the meeting adjourned at 11:31 A.M.

Doug Moore, Executive Secretary